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## **Tajikistan, Republic of**

## **Cotton and Products**

## **Cotton Update**

## **2002**

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### **Report Highlights:**

**Tajikistan's MY 2001/2002 cotton production is estimated at 122,600 metric tons (MT) due to increased area and better yields due to better input supply. MY 2002/2003 production is forecast at 124,000 MT, assuming normal weather and irrigation supplies. MY 2002/2003 cotton exports are forecast at 103,000 MT.**

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Includes PSD changes: Yes  
Includes Trade Matrix: No  
Unscheduled Report  
Islamabad [PK1], TI

## PRODUCTION

Cotton is the major crop in Tajikistan and comprises two-thirds of total agricultural output and 30 percent of the country's total export earnings. The leading cotton area is Khotlon, which produces about 60 percent of the crop. However, cotton production is increasing in the Sugdh region in the Fergana Valley and in districts around Dushanbe. Traditionally, about 85 percent of the cotton grown in Tajikistan consisted of medium staple varieties and the remainder consisted of long staple cotton (38-42 mm staple length). The Government of Tajikistan (GOTI) plans to provide support to encourage greater long staple production.

**Table 1. Cotton Production, Supply and Demand**

PSD Table						
Country:	Tajikistan, Republic of					
Commodity:	Cotton					
		2000		2001		2002
	Old	New	Old	New	Old	New
Market Year Begin		08/2000		08/2001		08/2002
Area Planted	0	0	0	0	0	0
Area Harvested	238608	238608	245000	257400	0	260000
Beginning Stocks	16765	16765	16700	16700	16500	16800
Production	105659	105659	110000	122600	0	124000
Imports	0	0	0	0	0	0
TOTAL SUPPLY	122424	122424	126700	139300	16500	140800
Exports	86129	86129	90500	102800	0	103000
USE Dom. Consumption	19595	19595	19700	19700	0	21000
Loss Dom. Consumption	0	0	0	0	0	0
TOTAL Dom. Consumption	19595	19595	19700	19700	0	21000
Ending Stocks	16700	16700	16500	16800	0	16800
TOTAL DISTRIBUTION	122424	122424	126700	139300	0	140800

Cotton production has fallen from 256,000 MT of lint in 1990 to 89,200 MT in 1996 but started to recover beginning in 1997. Tajikistan's MY2001/02 cotton production is officially reported at 122,600 MT or 16,950 MT more than the previous year. Increased production is the result of increased area and better yields due to better input supplies, most of which are provided by cotton traders to farmers on a contract basis in return for a part of the crop. Specialists forecast Tajikistan's MY2002/03 cotton production at 124,000 MT, based on a small increase in area and assuming normal irrigation supplies.

The GOTI adopted the National Program for Development of Cotton Production in 2001. Under this 5-year program, the government plans to subsidize cotton seed production and to finance scientific research to improve cotton production and quality. The government hopes to will increase output to 230,000 MT (lint) in 5 years. Most specialists, however, are not as optimistic and note that production will be limited by the lack of suitable irrigated land.

**Table 2. Historic Production Statistics**

	1996	1997	1998	1999	2000	2001
Hectares	234000	218000	247347	247800	238608	257400
Seed Cotton (MT)	313000	346000	383721	326590	335428	452700
Gin Ratio	313	31.8	31.3	28.3	31.8	27.1
Lint Prod (MT)	98000	110000	120000	97977	105000	122600
Lint yield (MT/Ha)	0.419	0.505	0.484	0.395	0.44	0.476

### Production Policy

In 1995, the GOTI began a program to restructure farms, which envisions a gradual replacement of state and collective farms with small private (“dehqan”) farms, cooperatives and joint stock-holding associations. This process has been slow and by January 2002, only 12 percent of the total (state) arable land had been converted to ‘dehqan’ farms. So far, 290 of the 863 collective farms have been transformed into various private entities. Tajikistan’s 169 ‘elite’ state farms, which are involved in seed breeding, research and other “state agricultural activities” (and which control over 200,000 hectares), reportedly are excluded from the privatization program. Farm restructuring is most advanced in Badakhshan and the Districts of Republican Subordination (around Dushanbe) but have lagged behind in Khatlon and Sugdh regions, where powerful vested interests are reluctant to relinquish control of cotton farms.

Even though state orders for cotton were phased out in 1996, the state remains strongly involved in cotton purchasing. Glavkhlopprom, the state organ that traditionally handled virtually all purchases of raw cotton, was replaced by the National Cotton Exchange (NCE), which works with the intermediaries that contracts with farms. Despite formal deregulation, the NCE and district governments administer the system, assign area quotas and output targets to collective and private farms alike. Export operations remain the province of those few with the influence and connections necessary to obtain an export licence. Farmers suffer from this arrangement in a number of ways. First, farm members experience severe delays in payments in their often unreliable relations with the provincial and district governments, which amount to implicit taxation. Second, despite the reduction of excise taxes from over 50 percent of the value of output in the mid-1990s to about 23 percent currently, the price of raw cotton paid by ginneries is on the order of \$190 per ton (which is low compared to neighboring countries where the gin price is on the order of \$240-\$250 per ton). The financial returns on cotton are potentially good, but the actual returns paid to the large farms producing cotton are very low (with farm wages also very low as result). Third, the interest of the state in promoting cotton to maintain its revenues and foreign reserves induces it to maintain large farms and limit restructuring in the cotton-growing regions.

## **TRADE**

MY 2001/02 cotton exports are estimated at 102,800 MT, as result of better production. Major export destinations includes: Russia, Byelorussia, Hungary, Italy, Switzerland, Poland and Austria. MY 2001/02 exports to the CIS countries increased sharply due due increased demand from the CIS as well as lower transport costs from landlocked Tajikistan. The export price for cotton lint decreased from \$1,130 per MT in 2000 to about \$1000 per MT in 2001. The GOTI assesses a 5% sales tax on cotton exports.

Tajikistan's MY 2002/03 cotton exports are forecast to increase slightly to 103,000 MT due to the anticipated small increase in production.